

From Theory to Practice: Three Successful Models to Build Endowment

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While most charities agree that endowments are important, few can agree on the best way to build them. This session moves from the theoretical to the practical and examines three endowment-building models with a focus on:

- ✓ Articulating the nonprofit's need
- ✓ Selecting the most effective fund building model
- ✓ Creating enthusiasm and commitment
- ✓ Setting goals, developing a strategy, and writing a work plan;
- ✓ Identifying the right donors
- ✓ Measuring progress

There is no one formula for success. Rather, each charity must develop an endowment campaign that fits its fundraising maturity, culture, resources and long-term needs. Therefore, the best way to plan an endowment campaign is to examine each of those elements.

I. An Overview

A. Why There Is So Much Talk About Endowments

Endowments are critical to the long-term survival of nonprofits. Those charities with endowments are working to build them; those without endowments are scrambling to get started. Why is there so much emphasis on endowment?

- *Donations are down.* The American Association of Fund Raising Counsel's (AAFRC) Trust for Philanthropy *Giving USA 2003* reported American charities received \$240.92 billion in charitable gifts in 2002, an increase of .9 percent over 2001, but a downturn when an inflation factor of 1.56% is considered. Some sectors – such as human services, health, and education – were particularly hard hit, as shown in Table 1.

TABLE 1
AAFRC TRUST FOR PHILANTHROPY GIVING USA 2003 – RECIPIENTS OF CHARITABLE DOLLARS

Recipient Sector	Amount (in Billions)	Percentage of Total Giving	Increase/Decrease Over 2001	Increase/Decrease Adjusted for Inflation (1.56%)
Religion	\$84.3	35%	4.86%	3.3%
Education	\$31.6	13.1%	-1.04%	-2.6%
Health	\$18.9	7.8%	-2.24%	-3.8%
Human Services	\$18.7	7.7%	-9.84%	-11.4%
Arts, Culture, Humanities	\$12.2	5.1%	.66%	-.9%
Public Policy	\$11.6	4.8%	-1.84%	-3.4%
Environment	\$6.6	2.7%	2.76%	1.2%
International Affairs	\$4.6	1.9%	11.26%	9.7%

- *Investment returns are down.* Table 2 shows the dramatic hit to investment assets that has occurred for 2000, 2001 and 2002. These losses have impacted donors, foundations, and charities that depend on investment assets to operate.

TABLE 2
INVESTMENT RETURNS FOR MAJOR INDICES 1999 – 2002

Index	1999	2000	2001	2002
<i>Stocks</i>				
Dow Jones Industrial Average	25.22%	-6.18%	-7.10%	-16.76%
S&P 500	19.53%	-10.14%	-13.09%	-23.37%
NASDAQ	85.50%	-39.29%	-21.05%	-31.53%
DJ World (excluding US)	31.54%	-17.36%	-21.02%	-15.63%
<i>Bonds</i>				
Long Treasury Bond*	-15.13%	20.11%	3.50%	14.62%
Municipal – Tax Free	-6.34%	17.10%	4.50%	10.73%
Corporate – Investment Grade	-1.89%	9.10%	10.70%	10.17%
Corporate – High Yield	2.51%	-5.10%	4.50%	-1.89%

- *Government grants are shrinking.* State and federal governments are experiencing downturns in tax revenue. As a result, grants for childcare, transportation, and other human services needs have been cut. Agencies depending on these grants to meet community needs are scrambling to fill the gap.
- *Private and public foundations are cutting grants.* The 2003 *Giving USA* figures reported foundation giving (independent, community and operating foundations) was down 1.2 percent in 2002.

As a result of these financial fluctuations, charities are reducing staff budgets, travel, marketing initiatives, training, administrative support and most importantly – programs. It is the disruption in program services – and the ability to meet the needs of clients who depend on the organization for support – that has prompted charities to look for ways to stabilize funding. The most effective way to provide stability is through a resource (such as an endowment) that can supply revenue in years in which donations are down, or charitable need increases.

B. The Paradigm Shift

There has been a dramatic shift in attitude towards endowment over the last 10 to 15 years. Ten years ago, an endowment signaled an embarrassment of riches for most charities. Nonprofits with endowments were considered overfunded and were therefore not attractive to some foundations and donors. Now endowments signal fiscal responsibility.

II. The Challenges in Building an Endowment

Many charities find it difficult to overcome old attitudes toward endowment. Consider these common challenges.

A. Defining Endowment

One of the first stumbling blocks to building endowment is defining the term. The term “endowment” is broadly used throughout this discussion to describe funds set aside for the long-term benefit of the nonprofit (rather than as current operating reserves). One of the difficulties in having a discussion about endowment is that each nonprofit defines the term in its own way. There are three types of endowments: true endowments; quasi-endowments; and term endowments.

- **True Endowment.** A true endowment consists of funds permanently set aside (restricted by document or donor) to generate income for the nonprofit. The donor directs principal (however that is defined) will be invested and that income (again, sometimes defined) will be spent for broad or specific purposes.¹ When a donor limits the use of endowed funds, the endowment gift is considered restricted; when the donor leaves spending discretion to the nonprofit, the endowed gift is unrestricted.

¹ Income is defined by state law, unless the document creating the endowment provides an overriding definition.

- **Quasi-endowment.** Quasi-endowed funds are funds committed to long-term use (endowment) generally by board resolution. Board-restricted funds may include unrestricted bequests or planned gifts received by the nonprofit, surplus funds available at year-end (that are not needed for operating reserves), or funds resulting from the sale of an asset. Since the board created the restriction on use of principal, it can remove it. The board should establish procedures to govern distribution of income and withdrawal of principal.
- **Term Endowment.** A term endowment is a gift in which the principal is restricted for a specific period of time. For example, a donor may create a gift for ten years to benefit a particular university program, or to fund a need for a limited period of time. Alternatively, a donor may contribute funds to amortize a bond issue and tie the term to the life of the bonds. After the expiration of the time, the board may use the principal or allocate it as a quasi-endowment.

These funds may be invested as a pool but are segregated for accounting purposes.²

B. The Charity's Development Culture

The charity's development culture also has an impact on endowment development. Those charities that rely on government grants and contracts, special events, and direct mail may have little experience with donor relationship-building. Without donor relationship, these charities may struggle to develop endowed gifts and must first develop maturity in its fundraising program before tackling this task.

C. The Staff and Board's Preconceived Notions

- **Staff Hurdles.** Endowment building is a team effort. The CFO, CEO, development staff, board, and volunteers each have specific support roles.³ Getting each member of the team to understand and embrace his or her role takes time, focus, and patience. This requires coaching to overcome concerns about allowing designated funds, providing investment information to donors, or communicating with development staff about problems, concerns, and results.
- **Board Hurdles.** Nonprofit boards may also have concerns about building endowments. These concerns should be raised and answered before the board makes a decision on how to proceed. Table 3 addresses the most common board (and sometimes staff) endowment myths and realities.

TABLE 3
MAJOR ENDOWMENT CONCERNS: MYTHS AND REALITIES

Endowment Myth	Endowment Reality
The charity will appear too rich.	The charity must position the endowment as a resource for the future and a reflection of the fiscal responsibility of the charity's board.
Restricted gifts are too difficult to manage.	Donors like to know how the funds will be spent and often restrict the spending purposes. Work with donors to make the gifts as flexible for the long-term use of the charity as possible.
Raising funds for endowed purposes will diminish funds for annual gifts and special events.	The charity must position annual giving and endowment building as two separate opportunities. Making a gift to endowment is a way to ensure the charity will receive an annual gift after the donor is gone.
Endowment management takes too much time and effort. Planned giving (to build endowment) requires too much education, staff training, and staff	Grumbling about time and effort required to manage an endowment reflects too great a focus on the administrative details of running a charity, and too little focus on the long-term goals of the charity. Successful planned giving programs require a commitment of time and money. However, the benefits to the charity far outweigh the costs.

² Remember to include language addressing the requirements in the Philanthropy Protection Act of 1995 requiring notice to donors when the funds are pooled.

³ These specific roles are discussed in detail in a later section of this presentation.

time.	
Planned giving requires a lot of work for focus on a narrow segment of the donor base; it is not worth the effort.	This is a matter of perspective. First, planned gift donors range in age from 30 to 90. Second, planned gifts usually range in size from \$1,000 to over \$1,000,000. And third, the donors with the most potential to make planned gifts are ongoing contributors to the charity at any dollar level. Organizations with mature donor bases should have success with planned giving.

D. Time

The prioritization of time is always a struggle for two reasons. First, when times are toughest for charities (as in the current economic climate) most charities focus on generating current, unrestricted funds to fill gaps. Building future funding falls well down the list of priorities. Second, employee/development staff goals generally emphasize current dollars – not endowment dollars – focusing the development staff on annual fund. The only way to overcome the time issues is to ensure:

- ✓ Staff has sufficient time to build endowment. This requires that the board and executive staff make endowment building a priority (and fund sufficient staff to allow time for endowment building).
- ✓ Clear endowment goals are set for staff and board and integrated into the strategic plan for the organization..
- ✓ Development staff members are evaluated on performance goals that include endowment building.

This does not suggest that a charity should drop all other priorities to build endowment but that endowment building does not happen unless careful attention is given to establishing its priority and charity and staff goals include endowment measures.

E. Money

Money is the final hurdle (and equalizer) in the equation. Every campaign costs money and the charity must be willing to devote financial resources to the task of building endowment. Resources are required for staff, marketing materials, training (for staff and board), strategizing (which may require consulting assistance, or a weekend retreat), and oversight.

III. The Essential Elements for Readiness (The Puzzle Pieces)

A. The Case Statement

The endowment case statement differs from the annual case statement since it focuses on future needs and resources. The case statement must be written in a way to clearly capture the unique role of the endowment, reflect the endowment campaign form, anticipate concerns (or objections), and build consensus among staff and volunteer leaders. Use these tips in writing the case statement.

- ✓ *Start with a copy of the case statement for operating support of the nonprofit.* This will save you time and remind you why the nonprofit exists in your community.
- ✓ *Shift the perspective of the case statement for annual campaign to the long-term objectives related to endowment.* The case statement for current support is based on today's needs, while the case statement for endowment is based on meeting future needs, maintaining stability of funding, adding capacity for funding, and having the ability to respond in the event of emergency.
- ✓ *Put the donor in the picture.* Draft the case statement in such a way that it pulls the donor into the process. Read the statement when complete to determine whether you (as a donor) would understand your role in ensuring the future of the charity.
- ✓ *Pare the finished product down so that it is concise, clear, and compelling.* While you will want to keep a well-articulated long-version of the case statement for use in marketing, you must be able to make the case in one or two sentences.

- ✓ *Get buy-in from staff and volunteers.* Suggestions on how to build consensus and excited are described in more detail later.

The real challenge (and critical initial step) involves crafting a compelling, visionary case statement for endowment. Cast the case statement in terms of impact, value added, and the donor's role in ensuring the future quality and survival of the entity. Often this is easier to do when donors have specific objectives such as funding scholarships, chairs, professorships, a children's day care program, so other clear and tangible objectives.

B. The Capacity to Staff and Manage the Process

If the nonprofit has an active, mature planned giving program, it is likely to have the resources in place to successfully manage endowment. If it does not have a mature planned giving program, it may be necessary to build infrastructure. Use checklists below to assess the necessary internal and external resources required for endowment. Table 4 contains a checklist of the internal resources necessary for success in building endowment in any form while Table 5 details external resources.

TABLE 4
INTERNAL RESOURCES REQUIRED FOR BUILDING ENDOWMENT

Resource	Comments	Required for PG Program	Unique to Endowment
Staff	The nonprofit must have sufficient internal staff to manage and develop donor relationships, account to donors, make personal calls, and monitor progress to goal.	X	
Executive support	The CEO, CFO, and chief program officer should support endowment building, and understand the role of endowment in provide stable, long-term client services.	X	
Board support	The board must embrace endowment building, understand the case for endowment, allocate adequate resources, ensure policies and procedures are in place to manage funds, and account to donors.	X	
Planned giving program	A planned giving program reflects a basic level of fundraising development and is the tool with which most endowments are built.	X	
Gift acceptance policies	Gift acceptance policies are the front line defense for charities accepting non-cash gifts, and split interest gifts.	X	
Investment management policies	Investment management policies governing long-term investments (as opposed to cash and operating reserves) are important to donors, and to the performance of endowed assets.	X	
Professional investment management	Professional investment management is required for long-term funds.	X ⁴	X
Endowment policies on designated funds, spending policy	The charity must have clear policies on the use of endowed funds, levels required for separately accounted funds, levels required for named (but not separately accounted) funds, spending policy statement and mechanism for annual review.		X

⁴ Necessary when planned gifts are allocated to endowment.

Ability to account to donors for designated funds, income distribution, investment performance	Designated funds require the ability to communicate with donors on the use of funds, and their performance. This may require third-party accounting capability, and is more expensive than managing one internal fund.		X
Endowment agreement	An endowment agreement clarifies the donor's directives, and provides flexibility to change the designated purpose when needed.		X

TABLE 5
EXTERNAL RESOURCES REQUIRED FOR BUILDING ENDOWMENT

Resource	Comments	Required for PG Program	Unique to Endowment
Professional resources	The charity must have professional resources (legal, accounting, fundraising) to advise it in the structure and management of gifts. This counsel should be identified before initiating an endowment campaign.	X	
Referral sources	Potential endowment donors may need advisors. The charity must be in a position to provide at least three professional resources (legal, accounting, financial planning, etc.) if requested. To do an effective job, the charity must have devoted some time to identifying, and getting to know, the professional resources in the community.	X	
Investment management	Charities should use professional investment management for long-term assets.	X	
Accounting	Charities may need third-party accounting (bands and independent firms) to provide multi-layered accounting for donors and for internal review purposes.		X

C. The Role of Endowment in Current Development Model

The nonprofit must also assess its development model and strategic fundraising plan to identify the role of endowment. One of the best ways to assess the charity's current endowment status is to read its current operating documents. This historical review may provide a history for endowment building (successful or not), reveal potential hurdles, and point staff and volunteers to key issues to be addressed in initiating the project.

- ✓ *Strategic plan.* Does the concept of endowment appear anywhere in that plan? If so, how high a priority is it? Does it have a clearly, worded case statement for need?
- ✓ *Revenue projections:* Does the long-term budget include income from endowment? How quickly does that income grow in the projection? How important is that income to the long-term growth of the organization?
- ✓ *Current budget:* Are there funds allocated to an endowment element of the fundraising budget? Is this a new line item, or has the line item been a part of the budget for some time.
- ✓ *Development committee minutes and finance committee minutes:* Read the minutes from the development committee and finance committee for the past three years. Is endowment mentioned? Is a priority given to building long-term funds? Has the activity been scheduled – but overlooked – at any time over the last three years?
- ✓ *Board minutes:* Ready the board minutes from the past three years. Is the issue of endowment raised? How did the board respond?

Sometimes a review of a fundraising structure, or history, reveal conflicts with endowment building.

- ✓ *“We’ve spent every available dollar.”* Organizations that communicate that they spend “every available dollar” to meet program needs, holding back nothing for future years must rethink their public message. It is still possible to communicate effective use of every dollar spent, without communicating that you have spent every dollar available.
- ✓ *A case statement that focuses only on today’s needs.* If the nonprofit’s case statement speaks only to current needs, and there is no case statement for future needs, it must develop an endowment case statement before going further.
- ✓ *No planned giving program.* A charity without a planned giving program – the most common way of building endowment – may not have staff, resources, or the culture to pursue endowment. It should first focus on expanding its fundraising and diversifying its fundraising base before launching an endowment initiative.

IV. Three Successful Endowment Models

It is easier to select an endowment campaign model that best fits your organization if the choices are defined. There are three basic models for endowment, each of which has distinctly different elements.

A. Endowment Within Larger Capital Campaign (Hybrid Campaign)

It is more and more common to see nonprofits conducting comprehensive capital campaigns. The term comprehensive is used in two ways. First, the campaign includes annual, capital, and planned gifts. And second, the campaign includes capital objectives (the primary focus) and endowed objectives. Adding an endowment component to a capital campaign often provides context for endowment and is often an easier to engage in than a separate endowment campaign. Adding an endowment objective to a capital campaign may also be more efficient and less costly from a planning perspective since some of the work done to prepare for campaigns must be duplicated with separate efforts.

The most difficult aspect of combining capital and endowment needs in a single campaign is securing the expertise needed to support both types of appeals, balance the requests for current and deferred gifts (manage donor proposals), and create standards for valuing and counting gifts. Sometimes a combination of counsel (capital campaign and planned giving) is necessary.

B. Focused Endowment Campaign (“Capital” Campaign for Endowment)

A separate capital-type endowment campaign can be effective, and has been successfully undertaken by a number of nonprofits, but is more difficult for donors to embrace for three reasons.

- ✓ *First, the need for immediate participation is not as clear or urgent.* When a traditional capital campaign seeks funds for a new building required for the science department (or new upper school, etc.), the case statement for that capital need is clear and compelling. When the endowment campaign seeks funds for future maintenance of that building, the urgency to complete the gift is less compelling.
- ✓ *Second, donors have a harder time envisioning the impact of the gift.* With a capital campaign, the architect has prepared renderings, the drawings are landscaped, and donors “see” the impact of the gift. A picture of a trust, a foundation, or investment assets does not carry the same impact.
- ✓ *Third, donors may be less excited that the dollars will be saved rather than spent.* The case statement, and educational process in campaign must educate donors about need.

A campaign for endowment must be conducted in the same manner as a campaign for capital needs. This model implies a strong reliance on current, outright gifts, although it may contain a deferred gift element as well. Use campaign counsel, careful planning, and a feasibility study or other analysis to determine capacity.

C. The Slow But Steady Approach – An Endowment Built with Planned Gifts.

One of the most traditional ways to build endowment – if the nonprofit does not have urgent needs – is through planned gifts. In fact, establishing a “campaign” context, and setting long-term goals, is the best way to provide

context to a nonprofit's planned giving program. This also takes a case statement, a vision and discipline; it also takes patience. To be successful in using this approach, the following factors should be present.

- ✓ *The board should be comfortable with the long-term timeline and understand that most planned gifts are deferred.* A slow-boat approach does not work when the organization has immediate needs.
- ✓ *The board should set goals for endowment based on its stage in development and planned giving, and its potential to reach those goals.* Initially set five year, ten year, and twenty year goals. This adds more substance to the effort from the board perspective, and more context from the donor's perspective.
- ✓ *Engage counsel or secure professional advice to help with planning.* This will add realism to the exercise, and ensure the needed infrastructure exists to support the planned giving effort.
- ✓ *Adopt a resolution to assign planned gifts to endowment on receipt.* This allows the organization to explain to a donor how his gift will be handled on receipt and ensures the organization will not be tempted to engage in a spend-as-you-get-it manner, especially in years in which operating funds fall short.
- ✓ *Report regularly providing emphasis on the campaign goals and purposes.* Keep the progress report in front of the board every meeting, or at least every quarter. Include the endowment/planned gift initiative in annual board initiation meetings, and on every development committee meeting agenda. Keep in mind that boards and committees turn over on an annual basis, and many of the members will not understand the campaign goals or needs. Use the opportunity to reacquaint all board members with the importance of planned giving and their role in the process.

V. Designing Your Endowment Initiative

A. Putting First Things First

The natural tendency in any campaign is to focus on the end result – the donors that will contribute, the money that will be raised, and the uses to which those funds will be put. It is critically important to defer the endowment building campaign until the fundraising program has matured.

1. Assess Your Program and Structure

Some nonprofits that need endowment are not ready. There are a number of reasons a charity may not be prepared to move forward.

- ✓ *The organization is early in its fundraising program, and has not yet moved to major or planned gifts.* This organization needs to implement a program to build both functions, thereby introducing a level of maturity to its development program.
- ✓ *The organization does not have a sufficient base of donors.* This often – but not always – goes hand in hand with the maturity of the fundraising program. It is critically important to have not only a database with a large number of donors, but to have donors participating at the major gift levels, and to have a substantial portion of the database with a 5+ year history of giving.⁵
- ✓ *The organization does not regularly engage in strategic planning, and therefore has no case or context for endowment building.*
- ✓ *The nonprofit's board is not engaged and/or does not contribute on a regular basis.* These board members rely on staff to generate funds and run programs. It may have never occurred to them they have a role in fundraising.
- ✓ *The nonprofit has had extensive negative publicity relating to operational effectiveness, or there have been recent allegations of misfeasance or malfeasance.* Reports of charities in trouble are occurring more and more often in the current economic environment. Negative publicity can be overcome, but it takes planning, change, and clear evidence the charity has corrected the problem.
- ✓ *The charity lacks strong volunteer leadership or depth in leadership.* Building campaign leadership is a slow, deliberate process. It is critical to success, even for larger charities that rely primarily on staff for implementation.

⁵ The receipt of planned gifts before a planned giving program is formally introduced is generally an indicator of a strong, committed donor base.

2. Create an Internal Staff Brainstorming Committee – Let Them Take Ownership

Successful campaigns have strong internal and external support. In many ways, the internal support is the most critical because executive staff must embrace the case statement and assign priority and budget support to the project. The development staff is responsible for supporting the work and carrying the load. Involve staff early in the planning process and take the time to ensure commitment, answer questions, and overcome objections.

3. Create an External Volunteer Brainstorming Committee – Your Best and Brightest

The volunteers chosen to lead the campaign and represent the organization to the community (and to the rest of the board) are also critical important. Use care in selecting the members of the volunteer team. Each individual should have a purpose. Starting by identifying the market segments (and donor segments) representing the most potential, and make sure the nonprofit has volunteers that give it access, credibility, and visibility in each of those key communities. The number of volunteers required for success will depend on the model selected to build endowment. Obviously, immediate capital campaigns require a full force of active, committed volunteers, while a long-term planned giving program can build volunteer support at the same time the campaign is being implemented. All volunteers should be oriented about the organization, the campaign, and its goals, and should be personally committed.

B. Setting Goals

Goals are important in every fundraising activity, but are particularly important in building endowment. Whereas annual campaign success is measured by the number of dollars raised, endowment campaign (because it is funded largely through planned gifts) is measured in large part by non-financial goals. Clear goals allow the charity to make an effective annual evaluation, to measure your progress, to know when you're experiencing success and when it needs to regroup and make a new plan. This will be especially important if you are the staff person evaluated for the success of the endowment effort.

- **Begin with a vision – what does the charity need from an endowment?** The best way to focus the board is to involve them in setting objectives. Use the organization's long-term strategic plan to identify specific funding objectives, whether those are unrestricted funds to support shortfalls in operating revenue, funds to expand programs, funds to award scholarships to create a more diverse student population, etc.
- **Move to the practical – why does the charity need an endowment?** Why are these goals critical to the nonprofit's future? If the organization is building from a long-term strategic plan, the answers will be in the plan. If it does not have one, it should engage in one to provide a foundation for the need, prioritize the needs, and provide the context for the endowment campaign.
- **Bridging the vision and the reality: when can you achieve the endowment objectives?** Goals must be grounded in reality. Most endowment campaigns have short-term and long-term goals. Begin by articulating those goals and then getting advice from counsel on the feasibility of those goals. Goals will vary depending upon the length of the endowment campaign, and the non-financial goals that are integral to success (especially with the long-term endowment building approach using a planned giving program). The key is to think beyond the purely financial goals.

Short-term goals may include:

- ✓ Developing a prospecting and donor identification process.
- ✓ Employing campaign counsel.
- ✓ Writing a case statement for the campaign.
- ✓ Setting dollar goals for the advance gift stage.
- ✓ Developing campaign specific campaign literature.
- ✓ Conducting a board campaign.
- ✓ Training board and staff on planned giving.
- ✓ Adding staff to support the campaign.

Long-term goals may include:

- ✓ Raising a specific dollar value in current gifts.
- ✓ Obtaining commitments of a specific dollar amount in deferred gifts.
- ✓ Making xxxx calls on donors.
- ✓ Successfully establishing a professional advisory council.
- ✓ Sponsoring educational events for professional advisors.
- ✓ Add a planned giving staff member.

C. Creating a Timeline

Creating an endowment timeline is simply a matter of scheduling the goals, and all the steps required to meet those goals. The campaign timeline allows you to set the expectations of staff and board, schedule the work required to reach each goal, gauge the cost (in time and people) to reach each goal, and establish a means of assessing your progress.

D. Developing a Strategy to Meet Goals

Every successful fundraising effort requires a strategy to reach each goal in the time allotted. Strategies are developed based on unique opportunities and available resources.

1. Types of Gifts Solicited

The campaign gift options are driven by the individual campaign structure, goals, and timeline. The best way to determine the gifts appropriate for the campaign goals is to break the campaign into specific objectives (projects, buildings, endowment elements) to be funded, and determine the priority and timing of each. For example, a campaign for endowment required to generate immediate income to fund a professorship might require outright gifts, whereas an endowment to provide scholarships in ten years is suitable for deferred gifts.

- **Hybrid Campaign.** In hybrid campaigns, the majority of the campaign is oriented towards current gifts for capital projects. A portion of the campaign – generally from 25 to 50 percent – is allocated to endowment. The endowment portion must be further broken into current endowment needs and those with future funding dates. In these type campaigns, current gifts generally comprise up to 75 percent or more of all contributions and deferred gifts represent up to 25 percent of contributions.
- **Endowment “Capital” Campaign.** The stand-alone endowment campaign takes many forms, but most rely heavily on outright gifts. As with the hybrid campaign, there is often a 75/25 mix. Some campaigns may have more latitude to rely more strongly on deferred gifts.
- **Deferred Campaign.** Deferred gift endowment campaigns proceed at the pace common for most planned giving programs – gifts are solicited today but do not begin to produce regular revenue for seven to ten years. The majority of contributions consist of bequests, insurance beneficiary designations, retirement plan beneficiary designations, insurance policies, charitable remainder trusts, and charitable gift annuities. Campaign goals are more long-term. Short-term goals focus on the number of donor calls, new Legacy Society members, and percentage of board participation.

2. The Building Blocks

As with capital campaign, endowment campaign donor proposals should focus on gifts of assets rather than income. The “focus gifts” for the campaign should be tied to campaign goals and the immediacy of those goals. This is simple logic, but stated here to clarify the tie between the immediacy of the need to the form of gift. A simple matrix outlining the gift options is set out in Table 6.

TABLE 6
MOST COMMON ENDOWMENT GIFT OPTIONS

Outright Gifts (For Current Campaign Needs)	Gifts that Pay Income (For Deferred Campaign Needs)	Deferred Gifts (For Deferred Campaign Needs)
Publicly traded stocks	Charitable gift annuities	Insurance beneficiary designations
Publicly traded bonds	Charitable remainder trust	Retirement plan beneficiary designations
Mutual funds	Pooled income fund	Bequest under will
Privately traded stocks and bonds		Bequest under will substitute (such as a revocable trust)
Tangible personal property		Family foundation pledge
Real estate		Qualified conservation contribution
Gifts of remainder interest in home or farm		
Intellectual property gifts		
Bargain sales		
Insurance policy		
Partial interest gift		
Qualified conservation contribution		

3. Identifying Donor Segments

Identifying potential endowment donors is similar to identifying planned gift donors – look for those individuals who are most connected, and most passionate about, the organization and its mission. This is relatively simple for those nonprofits that place emphasis on collection and maintenance of data and stewardship of donors. Nonprofits without good records may be left to read tea leaves or hope for some other miracle that will provide insight into their donor base. Those distinctions aside, almost every organization can do a better job of gathering and maintaining data – as long as they know the information they will need to identify prospects. Sources of potential endowment donors include the following, distinguished as internal and external resources:

- **Internal – Current Donors.** Begin the search by reviewing giving history, volunteer history, and use of services. The best prospects are:
 - ✓ *Multi-year annual fund donors.* Use the donor database to identify donors who have made gifts for five or more years at any gift level. If the organization has a large database, and many years of giving history, begin the search at 7 years of giving, 10 years of giving or higher to isolate the top 10 percent of the donor base with the most consistent giving history.
 - ✓ *Major gift donors.* While consistency in giving is a better indicator of endowment gift potential than size of gift, consider this group (especially those with multi-year giving histories). Gift size may (but does not always) reflect capacity. Focus on major gift donors who have other relationships (board service, volunteer service) for initial calls. These donors may serve as leaders for others in the donor pool.
 - ✓ *Long-term volunteer leadership (former board members, annual fund volunteers, other volunteers).* Most nonprofits have volunteers involved in board leadership, annual fund leadership, capital campaign structure, service volunteers, or other volunteer roles. These volunteers not only understand the nonprofit's role in the community – they are committed to it. If the organization does not have a current way to identify or recognize long-term volunteers, consider such a program. If the nonprofit does not capture volunteer data, do so. These individuals are closely tied to mission and have a better understand of the value of the services provided by the charity than the general public.
 - ✓ *Current board members.* If the charity does a good job in rolling out the endowment program and getting buy-in from the board, they will be many steps closer to considering an endowment commitment. Tell this group at the outset they should consider a lead gift to endowment, setting the pace for other potential donors. Review the list of board members to prioritize those with the longest relationship and most involvement with the nonprofit. Call on them personally to solicit an endowment commitment.

- ✓ *Corporate leadership.* Nonprofits that rely heavily on corporate leadership have another group of potential endowment investors. These individuals may be solicited for corporate matching gifts to attract endowment donors, as well as a personal gift. Look at board leadership, campaign volunteers, and up and coming corporate leadership for these prospects.
 - ✓ *Staff.* Do not overlook staff. Staff can make outright, bequest or insurance gifts. Or they may choose to name the charity as beneficiary of a portion of their retirement funds. Staff are generally extremely committed and passionate about the charity's mission. Their gifts make a statement about the universal nature of endowment participation, and reinforce the concept that you do not have to be wealthy to make a significant contribution.
- **External – Community Investors.** Include community leaders in a volunteer role in the endowment building process. This provides an outside perspective and will help you identify potential donors outside the charity's current records. Segments may include professionals associated with the charity's mission, those served by the charity, or other pockets unique to the organization. Use these community leaders to brainstorm those groups with the greatest interest and potential to give, and develop a strategy to reach them. If these pockets of donors are not currently solicited, it may be best to add them to annual fund solicitations and direct mail and cultivate a relationship with them. Individuals who have never supported an organization before are not likely to make an endowment commitment.

E. Making a Plan and Setting a Budget

The work plan forces careful consideration of each step. It also helps to identify staff responsibilities, create the budget and establish a timeline.

- **List each activity.** Write down each step, beginning with the tasks comprising the development of the case statement, securing the commitment of the board, identifying and developing the infrastructure needs, identifying and developing the marketing support, identifying key donor segments, and developing the volunteer structure. Then break each step into the to-do items required to complete it.
- **Assign responsibility.** Every task on the implementation plan should be assigned to an individual responsible for its completion – whether develop staff, non-development staff, or volunteer. This is an excellent way to educate, create ownership, and spread the workload beyond development staff.
- **Assess the people and dollar costs.** Every task has a time (people) cost, and most have dollar costs. The people (internal or external) and dollars required to complete each task must be listed.
- **Set a completion date for each activity.** Every task should have a completion date. Some activities are "critical path" meaning they must be completed before you move to the next step. Mark critical path items on the implementation schedule. When this task is completed, compare it to the campaign goals, and adjust the campaign timeline if necessary.
- **Set goals and objectives.** Each step should have a measurable goal or objective either in terms of a completed task (hiring campaign counsel, adopting gift acceptance policies) or raising dollars.
- **Create a budget.** Once the tasks have been listed and the people and dollars costs assessed, it is easy to create a budget using the data developed on the worksheet. Extend the budget for the life of the project, estimating future years as well as possible. Use the timeline associated with the items as a guide in placing costs in the right year. This gives the board and executive staff a more accurate perspective on the cost of the project. If the budget is driving the decision on endowment campaign form, it may be necessary to develop several options (spending models) for consideration. The process takes time, but provides an excellent assessment of the people and dollars required for success.
- **Share the plan.** When the plan is finished, share it with supervisors, top management, and key volunteers. Make sure everyone involved owns the plan and is satisfied with the goals, objectives, cost and time required for

implementation. If you do not have interest, consensus, or support, regroup, determine the sticking points, and redesign the plan to achieve that level of commitment.

F. Creating Board Enthusiasm and Commitment

Creating enthusiasm and commitment on the board starts early. The idea must “originate” (through your orchestration) with the board so that the group takes ownership and responsibility. If staff does all the hard labor early on to make the case, get the audit, position itself for readiness, and then deliver the work list to the board (and request the budget) there will be resistance every time. Consider this approach.

- **Begin by defining the need and opportunity.** An endowment campaign should be undertaken for need – not for sport. Therefore, there must be a carefully developed case statement and an initial assessment of the charity’s opportunity. As stated earlier, this usually derives from a strategy planning process. The second tier of defining need an opportunity is to articulate the infrastructure, marketing, and implementation needs required for success. The nonprofit may find it needs staff, more extensive data, outside counsel, or policies and procedures.
- **Lay out the plan, the goals, the timeline, and the budget.** Every successful plan requires careful mapping of the elements, the goals, the timeline, and the budget. Use a special committee or the board committee to drive the planning. Volunteers must have a part in the decision making to engage them in taking responsibility for calling on donors and reaching the goal. Enthusiasm builds during this stage, especially as the board embraces the plan as their own and understands the considerable impact of the new dollars of the work of the organization. This is also the time to shape reality for those board members who have never before participated in a campaign or fundraising effort. Many are surprised to learn how much preparation and time is required.
- **Explain the board’s role.** The board has a significant role in endowment campaign, similar to their role in engaging in a planned giving program. Share their responsibilities from the outset, and when they are recruited. Do not surprise them with responsibilities after they have committed to help. Key responsibilities include:
 - ✓ Establishing and articulating the need and the case statement.
 - ✓ Participating in and approving the plan, the goals, the timeline and the budget.
 - ✓ Ensuring adequate policies and procedures to manage liability. This includes policies for gift acceptance, endowment investment management, endowment spending, endowment guidelines (designated funds, restricted gifts, dollar limits, etc.), and donor call, stewardship (how donors will be recognized and cultivated) and data management.
 - ✓ Ensuring adequate staff.
 - ✓ Ensuring the ability to manage finances and accounting.
 - ✓ Establishing ethical guidelines.
 - ✓ Participating in the campaign.
- **Get approval.** Approval is relatively easy to secure if the board has been involved in planning, and has in essence, approved the plan as it developed.⁶
- **Use a Peer Cheerleader.** One of the best ways to generate excitement and ensure success is to invite the leadership (both staff and volunteer) of another organization that has completed a successful campaign to share their story of planning, staging, and implementation. Hearing from a successful peer charity will motivate the board and staff and underscore the elements required for success. Internal board peer leadership is also important. Use well-know, respected individuals to lead the campaign. Using peer/volunteers also makes it easier to say: “We’re going to start this campaign by talking with each of you, and we have set a goal for 100 percent board participation.”

⁶ Normally, a small group of volunteers (a sub-set of the board and usually outsiders) have been most actively involved. Progress should be reported (relying on the board members speaking peer to peer) as the project moves along and then presented formally for approval.

VI. Secrets for Success

Although nonprofits and their endowment campaigns differ dramatically, there are certain elements common to all successful campaigns.

A. It's All About the Donors

Endowment campaigns are only successful if donors contribute. (I know you've figured this out.) However, engaging donors in endowment building is more difficult than asking for an annual contribution, or even a capital contribution. The nonprofit has to know how to identify the most likely donors, develop their vision, and get them to take responsibility for achieving their vision. When looking for the best donors, remember:

- *Commitment is a better indicator than wealth.* Too many charities engage in endowment campaigns by purchasing lists of wealthy individuals in the community. Do not look at wealth alone. Instead, look to those donors who are most committed – those who are multi-year donors at any level, those who volunteer through board or other service, those who use the nonprofit's services (or whose family members use those services).
- *Ownership is key.* Donors contribute more readily when they feel ownership of the result, which is why multi-year donors are so important. Although the campaign will include donors who have contributed only once or not at all, it makes sense to begin with those who are committed.
- *Find a way for every committed donor to participate.* Too often, campaign materials and reporting focus on large gifts. While it makes sense to start with large gifts – especially in the advance gift stage of the campaign – always develop the strategy for the medium and small gifts. Donors who contribute to endowment campaigns are more likely to increase annual giving, and have the potential to make additional planned gifts. Bequests, retirement plan designations, and insurance policies all offer opportunities for donors to participate at some significant level.

B. It's Also About Communicating With Those Donors

Get donors involved early in the campaign, and keep them involved. Every campaign communication – announcing the campaign, reporting on progress, and reporting its successful conclusion – should be consistent. The announcements should include the organization's mission and its campaign case statement. Communications should also include detail about campaign objectives (the use of the funds and the dollars required), the critical role of the donor, the types of gifts accepted, and how to follow through.

C. Stewardship is King

Stewardship, and contact with donors, has never been more important than in the years leading into campaign, the years during campaign, and the years following campaign. Campaign planning and preparation will consume staff time in the months and years leading to campaign since staff is responsible for planning and for raising the operating funds on which it depends to keep the doors open. It is easy to forget about donors. If donors are neglected, however, the charity will be forced to scramble to make up for lost time and waste valuable time rebuilding relationships and repairing damage before campaign can begin. Stewardship takes time. Include this time in the budget, staff allocation, and timeline.

D. Spread the Responsibilities

The development staff cannot implement an endowment initiative without extensive support from the CEO, CFO, and volunteers. Since the endowment initiative will be new to many nonprofits, use the checklists herein to review the roles of each of these officers or individuals in creating the endowment and year-end review.

1. Building Endowment

- **The CEO's Responsibility.** The CEO plays a critical role in the success of the endowment initiative. The most common CEO duties include the following.
 - ✓ *Drive the strategic planning process* that establishes the organization's long-term goals and endowment needs.
 - ✓ *Draft or oversee drafting of the endowment case statement* for endowment.
 - ✓ *Ensure the board understands and endorses the organization's long-term strategic objectives* and the role of endowment.
 - ✓ *Make regular reports to board* on endowment size, performance, and contribution to operating needs of the charity.
 - ✓ *Define the endowment form* (separate account; separate entity such as foundation) and fund structure (minimum size, purposes of funds).
 - ✓ *Draft a resolution to commit planned gifts to endowment*; present the resolution to the board for approval.
 - ✓ *Assign oversight of the endowment to the finance committee.*
 - ✓ *Assure CFO can manage administration* and reporting required for endowment sub-accounts; use national services where available or third party administrators where not provided by the national office.
 - ✓ *Set endowment asset size goals.*
 - ✓ *Establish a mechanism to request distributions* (quasi-endowment or non-donor restricted) from endowment.
 - ✓ *Support the development staff in making calls* on potential donors and/or recruiting volunteer leadership.
 - ✓ *Assist the development staff in recruiting planned giving committee chair* or committee members.
- **The CFO's Role.** An endowment represents an ongoing financial management commitment the nonprofit, the donor, and the community. The CFO is responsible for financial management, and as such has an important role in supporting the endowment initiative.
 - ✓ *Work with development staff* to develop the endowment agreement used to govern designated endowment gifts.
 - ✓ *Review the administrative requirements for endowment* and determine the resources necessary to support those requirements.
 - ✓ *Make a checklist for development staff* for supporting documents needed to accept gifts of cash, securities, and other assets for the endowment.
 - ✓ *Make annual checklist for endowment support* (see related annual checklist) to guide annual activities.
 - ✓ *Work with the investment committee to invest assets.*
 - ✓ *Recommend a spending policy* for endowed assets.
 - ✓ *Prepare a quarterly and annual report on endowment results*, use of funds, etc. for investment committee, board, and annual report.
 - ✓ *Follow through on receipt of all gifts to set up account on books, sell or otherwise dispose of asset, acknowledge gift to donor* (substantiation).
- **The Development Staff's Role.** Each of these duties should be housed somewhere on the development staff.
 - ✓ *Work with the CEO to develop a case statement* for endowment.
 - ✓ *Identify budget needs* (marketing, staffing, travel, donor meetings, etc.) to solicit endowed gifts.
 - ✓ *Prepare marketing materials* that explain endowment to donors.
 - ✓ *Determine volunteer support required to solicit gifts for endowment; recruit volunteers with support of CEO.*
 - ✓ *Make calls on donors to solicit planned gifts; prepare gift proposals; follow through with advisors and donors to complete gifts.*

- ✓ *Follow through with CFO after receipt of gift* to make sure the nonprofit has all information required; follow through on the sale or disposition of asset and inform donor.
 - ✓ *Contact donor after the endowment fund is established* to let donor know what to expect in terms of substantiation, communication, and reporting.
 - ✓ *Send annual update and thank you notes to donors* whose funds comprise the endowment, describing the impact their gift has had on nonprofit's operation.
- **The Role of the Board and Volunteers.⁷** Help the board understand its role in supporting the planned giving program. Duties include:
 - ✓ *Design and review of the planned giving program and endowment initiative.* The board should establish the case for planned giving and prioritize the planned giving program on the nonprofit's list of activities.
 - ✓ *Adoption of gift acceptance policies.* The board has a fiduciary duty to ensure that the nonprofit is protected from receipt of harmful gifts and that it has a plan to manage gifts it receives.
 - ✓ *Adoption of investment management policies.* The board also has a duty to manage the funds entrusted to its care. This requires setting standards for investment management and standards for how those investments will be measured and reviewed.
 - ✓ *Establishment of ethical guidelines for planned giving.* The nonprofit must operate its planned giving program in an ethical manner. The board should be familiar with, and adopt, the Model Standards of Conduct for the Charitable Gift Planner promulgated by the National Committee on Planned Giving, and the ethical standards of conduct established by the Association of Fundraising Professionals.
 - ✓ *Establishment of goals for the planned giving program and endowment initiative.* The board must set financial and non-financial goals for the planned giving program.
 - ✓ *Provide leadership, direction and consistency for the planned giving program and endowment initiative.* Ongoing leadership, orderly transition in leadership, stability on the board, and a solid strategic plan are signs that the nonprofit is well managed.
 - ✓ *Make a personal gift to the endowment.* Commitment in planned giving begins with the board. Each board member should be asked and should consider making a personal commitment through a bequest or other planned gift.
 - ✓ *Identification of potential donors to the endowment.* The nonprofit's long-term survival depends upon its success in developing planned gifts as a part of the long-term revenue base. Board members have a fundraising responsibility. One of their most valuable services is working with the development staff to identify prospects and to introduce those prospects to the nonprofit staff.
 - ✓ *Participation in calls on potential endowment donors.* Donors can open doors that staff cannot. There are a few dangers in using board members and other volunteers to make calls. *Do not take a board member on a call who has not been personally solicited for a planned gift; do not allow the donor relationship to transfer from staff to volunteer; and do not take a board member on a call until he or she has been trained or educated on the purpose and the flow of the call.*
 - ✓ *Writing personal thank you notes to donors.* Ask board members to set aside some time in a pre-board or post-board setting to sort through the most recent gifts notices and write personal notes thanking the donor.
 - ✓ *Outreach to the professional community.* Ask board members to help you build your contact list by providing you with the names of their own attorneys, accountants, financial planners, insurance professionals, brokers and trust officers.

⁷ Investing time in thinking all the way through the volunteer role also makes it easier to explain the volunteer's time commitment and role when recruiting.

E. Use an Annual Checklist (and Spread the Responsibility)

An endowment program requires annual maintenance; these checklists assign annual duties by role.

1. The CEO's Annual Checklist

Task		Duties
<i>Review endowment/planned giving report.</i>		Note achievements and provide positive feedback.
		Note areas in which goals were not met; determine reason goals were not met; offer support, help or direction in achieving goals in the coming year.
		Present report to board. (Use chief volunteer to present this report if possible; include development staff member responsible for planned giving in the process.)
<i>Set goals for coming year.</i>		Set endowment goal.
		Set revenue generation goals (if mature program).
		Set volunteer participation objectives at the committee and calling level (coordinate with other volunteer needs).
<i>Make regular reports to board on planned giving progress.</i>		Add to board agenda (see suggested report format) for brief report.
		Ask chief volunteer to make report.
<i>Budget</i>		Review proposed endowment budget.
<i>Endowment campaign/planned giving committee</i>		Provide input on volunteers who may be suitable to participate as committee members or leadership for the committee.

2. The CFO's Annual Checklist

Task		Duties
<i>Endowment Assets – Investment Performance</i>		Get final total return figures for endowed assets (and comparable index returns for the asset allocation); report results to board and development staff. These figures may also be appropriate for the annual report or annual letter to endowment donors.
		Review investment policies for endowment with investment committee; make changes to asset allocation if required.
		Review spending policy for endowment assets and make recommendations for change if necessary.
<i>Donor Reporting</i>		Prepare annual 1099s for gift annuity donors.
		Prepare substantiation documents for donors.
		Form 8282s filed for all sale/disposal of non-marketable gifts in excess of \$5,000 acquired 2 years prior to sale/disposal.
<i>Charitable Remainder Trusts</i>		Get copy of annual statement/tax return for the year from trustee.
		Recalculate present value for balance sheet reporting.
<i>Budget</i>		Review planned giving expense budget; approve/make changes.
		Review planned giving projected revenue; approve/make changes.
<i>Gift Acceptance Policies</i>		Review policies; make recommendations for change as appropriate.
		Review non-marketable assets received during the year; prepare summary of sales (gross and net), noting any problems encountered or unanticipated costs or issues.

3. The Development Staff's Annual Checklist

Task		Duties
<i>Annual Report</i>		Prepare final report showing results for year that includes:

		<ul style="list-style-type: none"> ▪ Number of new campaign commitments. ▪ Percentage of board members who have made a commitment. ▪ Number of gift solicitation or cultivation calls. ▪ Number of calls on professional advisors. ▪ Number of volunteers who participated in calls during the year. ▪ Number of commitments by type: outright gifts, non-cash gifts, bequests, insurance policies, insurance beneficiary designations (where donor remains owner), retirement plan beneficiary designations, charitable remainder trusts, charitable lead trusts, charitable gift annuities, remainder interest in home or farm, outright gifts to endowment.
<i>Goals for Coming Year</i>		<ul style="list-style-type: none"> ▪ Number of new campaign commitments. ▪ Percentage of board members who commit. ▪ Number of gift solicitation or cultivation calls. ▪ Number of calls on professional advisors. ▪ Number of volunteer calls. ▪ Number of planned gifts.
<i>Marketing</i>		Draft marketing strategy for the year to support goals.
		Review marketing activities from current year; evaluate effectiveness.
<i>Training</i>		Determine area of greatest need in developing personal skills required to be successful in planned giving.
		Identify training opportunities, both internal and external.
		Determine cost and time required to achieve training goals (include in budget).
<i>Budget</i>		Develop budget for year to support goals.
		Get budget approved by CFO and CEO.
<i>Endowment Campaign/Planned Giving Committee</i>		Review committee supporting planned giving and determine next year's chair; ask chair to serve (recommended this request be made in person).
		Determine committee members completing term; send thank you letter for their support
		Determine new committee members to be added; make personal call or visit to solicit participation.
		Set meeting schedule for the year.
		Meet with chair; determine committee work and goals for the year.

E. Volunteers are Magic (and Also Potential Donors)

One of the most effective uses of volunteers is to open doors. Try these ideas.

- *Use your endowment committee to review the list of your top 100 prospects.* Ask each to pick three names they know well enough to call to set up an appointment for you. Go together, getting the volunteer to introduce you.
- *Ask the volunteers to host an event for a donor segment.*
- *Ask a committee member to bring a potential donor to a special event.*
- *Ask the volunteers to commit to an endowment gift.* (Don't take them to call to solicit an endowment gift without first soliciting the volunteer.)
- *Interview the volunteer for an article in the newsletter.*
- *Ask the volunteer to sign a letter announcing the endowment initiative and urging peers to consider a gift.*

F. Report, Report, Report

Boards love facts, figures, and success. They also prioritize those activities reported at every meeting. For this reason, the nonprofit must develop a report format – as simple as possible – to report progress and outstanding goals and needs. Generate enthusiasm with the report, giving the board a quick report on a successful call, a gift idea that has been particularly successful, or a profile of the organization's "perfect" campaign donor. These reports should

stimulate thoughts about potential donors or opportunities known to the board member and should prompt personal consideration of a gift. Reporting also serves to build commitment and ownership in the campaign, and to prioritize the campaign and its completion.

G. Never, Never Quit Building

The best endowment campaigns reach goal and keep on going. (A campaign that never ends.) While a comprehensive campaign has a finish, and a stand alone endowment campaign has a goal-driven completion date, both efforts should quickly move to a sustained planned giving mode. Use the visibility and case for support trumpeted during the campaign to continue to build the endowment through planned gifts. Develop (and keep reviewing) endowment goals as part of the organization's ongoing strategic planning process to help donors envision the next level of success.

Keeping this vision and commitment alive is especially important in campaigns involving planned gifts because many of the campaign commitments are revocable, deferred gifts. Many organizations choose not to get donors to make campaign pledges that are enforceable in the estate, meaning that nonprofits must depend on the ongoing commitment of donors to ensure the pledge is paid.

H. Use the Opportunity to Build Planned Giving

One of the greatest benefits of any endowment campaign is its ability to bring form, focus, and urgency to the nonprofit's planned giving program. Often a planned giving program is launched with excitement and a great deal of activity by board and staff. Once the board realizes gifts are deferred and will not generate cash for many years to come, they lose interest. The endowment campaign provides that need to commit for staff, board and donors alike.

The campaign is also a good excuse to assess the charity's planned giving infrastructure – gift acceptance, data, donor management, and investment policies. If those policies and procedures haven't been reviewed in a while, there is a good chance they are gathering dust, may not be current, and may be unfamiliar to many of the staff and board. This is a great time to get reacquainted.

The endowment campaign is an opportunity to update and review the case statement. Does the current case statement support the planned giving program? Does it support endowment? Again, because the planned gifts have an ultimate destination (the endowment), it may provide more focus, direction, and impact to the case statement.

Finally, an endowment campaign provides focus for donor stewardship and cultivation, and an urgent reason to talk to the donor about his or her long-term goals for the charity.

VI. Final Thoughts

Selecting an endowment campaign model that works for your nonprofit requires a solid knowledge of the organization and its resources, an honest assessment of the organization's strengths and weaknesses, a willingness to prepare, and a solid strategy and follow-through. The campaign form is driven by the organization's staff and dollar resources, its needs, and the maturity of its donor base. A carefully articulation of goals and a realistic assessment of opportunity together with a comprehensive analysis of how the campaign will be conducted from beginning to end, will lead the organization to the right form choice.

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